Qwest.

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January 20, 1999

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Magalie R. Salas
Secretary
Federal Communications Commission
The Portals
445 Twelfth Street, SW
Washington, DC 20554

Re: Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996, CC Docket No. 98-146

Deployment of Wireline Services Offering Advanced Telecommunications Capability, CC Docket No. 98-147

Application for Consent to the Transfer of Control of Licenses and Section 214 Authorizations from Tele-Communications, Inc., Transferor, to AT&T Corp., Transferee, CS Docket No. 98-178

Dear Ms. Salas:

Yesterday, on behalf of Qwest Communications Corporation ("Qwest"), Joseph P. Nacchio, President and Chief Executive Officer, Drake Tempest, Executive Vice President and General Counsel and Genevieve Morelli met separately with FCC Chairman William E. Kennard and attorney adviser, Tom Power; Commissioner Susan Ness and attorney adviser, Linda Kinney; Commissioner Harold Furtchgott-Roth and attorney advisers, Paul Misener, Kevin Martin and intern, Bill Trumpbour; Commissioner Gloria Tristani and attorney adviser, Paul Gallant; and Commissioner Michael Powell and attorney advisers, Jane Mago and Kyle Dixon regarding the above referenced proceedings.

Following introductory remarks by Mr. Nacchio about the Company's overall strategies and objectives, the points made in Qwests comments and reply comments filed in response to the referenced dockets were discussed in the meeting. The points made in the attached handouts, which were distributed at the meeting, were also discussed.

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In the meetings, Qwest emphasized the importance of competition and competitors' ability to access the last mile to offer services to consumers. Qwest underscored that the Commission should provide open access to the broadband cable loop and to all local network capabilities, including all advanced capabilities through ILEC facilities.

Specifically, Qwest underscored the importance of requiring open access as a condition of the approval of the merger or through a generic proceeding associated with the Section 706 Notice of Inquiry. Qwest also emphasized the importance of ensuring competition with an ILEC separate affiliate by requiring substantial public ownership, prohibiting resale of ILEC services by the affiliate under section 251c(4), and prohibiting joint marketing between the ILEC and its affiliate.

I have hereby submitted two copies of this notice to the Secretary, as required by the Commission's rules. Please return a date-stamped copy of the enclosed copy. Thank you.

Sincerely,

Jane Kunka

Jane Kunka
Manager, Public Policy

Enclosures

CC Chairman William E. Kennard
Commissioner Susan Ness
Commissioner Harold Furchtgott-Roth
Commissioner Gloria Tristani
Commissioner Michael Powell

ride the light SM

Qwest®

555 SEVENTEENTH STREET, DENVER, COLORADO 80202 TELEPHONE: 303.291.1400 FACSIMILE: 303.291.1724

January 19, 1999

The Honorable William E. Kennard, Chairman
The Honorable Harold W. Furchtgott-Roth
The Honorable Susan Ness
The Honorable Michael K. Powell
The Honorable Gloria Tristani
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20024

RE:	Advanced Services NOI	- CC Docket No. 98-146
	Advanced Services NPRM	- CC Docket No. 98-147
	AT&T/TCI Merger	- CS Docket No. 98-178

Dear Mr. Chairman and Commissioners:

Qwest welcomes the opportunity to address a number of issues pending before the Commission that will have a substantial impact on the state of competition in the U.S. telecommunications market. Specifically, Qwest is concerned that the proposed AT&T/TCI merger and the Commission's proposal to allow the Regional Bell Operating Companies (RBOCs) to offer advanced services through lightly regulated separate affiliates could have the harmful effect of increasing consumer prices and limiting consumer access to advanced services.

Qwest is a multimedia communications company that has nearly completed a nation-wide Internet Protocol based fiber optic network. Our OC-192 SONET network is the backbone for the Abilene "Internet II" next generation university network, and will carry information for our customers faster than any other network in the nation today. We are also building Web hosting centers at strategic locations throughout the country and we provide dial-up Internet access services, so that we can offer affordable access to our high-capacity networks and Internet services for customers big and small. In addition, Qwest is building a European network with KPN, a Dutch telecommunications company. To extend our reach even further, we are completing a network in Mexico, and we are partners in a fiber cable to the Pacific Rim.

Qwest is for competition, and I know the Commission shares that goal. Removal of barriers and opening the local monopoly to competition are fundamental goals of the Telecommunications Act. Competition in the 21^{st} century will depend on access to the last mile. The continued explosive growth of a competitive Internet depends on unrestricted access directly to the consumer. There can be no gatekeepers and bottlenecks if consumers are to have a choice.

Today all Internet and information service providers (ISPs), as well as long distance backbone providers, can only reach consumers on a mass basis by connecting through the incumbent local exchange carrier (ILEC) – in most cases an RBOC. The ILEC must provide equal access to many other providers, and RBOCs are not permitted to provide certain services that other competitors may provide. As a result, no ILEC, RBOC or other provider can control the customer for all services using the local exchange bottleneck. However, two proposals before the Commission may seriously undermine competitive access and allow control of the consumer.

The Commission is reviewing the planned merger between AT&T and TCI which would effectively create the nation's only nationwide broadband network, covering more than half the nation's households at the outset – and creating a new, broadband Ma Bell. Through TCI's cable network and arrangements with Time Warner and other cable operators, AT&T will have direct access to the customer to offer a bundled package of local, long distance, Internet, and cable service.

AT&T has not disclosed the nature or extent of these "exclusive" agreements, and the Commission should require them to be filed for review. According to AT&T, other companies will have access to consumers served by the AT&T cable network and agreements only through AT&T. Competitors will only have indirect access to customers, at a higher price, on whatever terms AT&T demands. The world's largest and best known communications company – which has already been broken up once for antitrust abuses – will determine who gets broadband cable access. It will be exceedingly difficult to compete for long in such an environment. Residential and business customers will suffer.

The Commission is also considering a plan to permit the RBOCs – which are the product of the antitrust action to break up Ma Bell – to create separate affiliates through which they can shield xDSL and other network advancements from the requirements of section 251(c) of the Communications Act. Under the Commission's plan, only facilities based access – the most expensive of the three competitive entry strategies provided by Congress – will likely be available to competitors. To reach a mass market competitors will have to deploy facilities – before signing up a single customer – in each ILEC central office that serves those customers. The practical result of this is that the separate affiliate, like AT&T's cable operation, will act as the gatekeeper for most consumers, and in particular residential customers. Competitors will only have indirect access at a higher price, if they have access at all.

To prevent the creation of local duopolies between AT&T and the ILECs, the Commission should reject the AT&T-TCI merger application and reject the separate affiliate plan. A competitive market is emerging, and if you give it another year or two the results will astound you. Long distance competition didn't happen overnight, and local competition is even more difficult to achieve. Give the market a chance to work – make the ILECs comply with section 251(c) for all services. Likewise, do not let AT&T lock up local access through cable.

However, I understand that some of you may be inclined to approve the merger or separate affiliate approach. If that is the case, then you should at least ensure that competitors have direct access to the customer, over both AT&T's broadband cable loop and through the ILEC facilities.

You can ensure access to cable facilities by requiring open access as a condition of your approval of the merger, or through a generic proceeding as a follow-up to the Section 706 Notice of Inquiry. You can help ensure competition with an ILEC separate affiliate by requiring substantial public ownership, prohibiting resale of ILEC services by the affiliate under section 251(c)(4), and prohibiting joint marketing between the ILEC and its affiliate. These measures are crucial if you want competition for consumers in the 21st century.

All of you are working hard to ensure that competition for broadband services becomes a reality for American consumers. Help competitors open up the market, rather than assist those who want to create a duopoly.

Thank you for meeting with me today and considering these comments. I look forward to working with you on these and other issues in the future.

Sincerely,
Original signed by
JOSEPH P. NACCHIO
President and Chief Executive Officer

Pipe Dreams

Must AT&T Give Internet Rivals Access To TCI's Network?

Outcome of Battle in Oregon Stands to Influence Shape Of E-Commerce to Come

'Vacuum' at the Federal Level

By BRYAN GRULEY
Staff Reporter of THE WALL STREET JOURNAL

PORTLAND, Ore.—Is it time to regulate a powerful and lucrative new gateway to the Internet? Eight citizens of this city and its environs have volunteered the nation's first answer: A reluctant yes.

Their decision matters because the world is witnessing the birth of an industry—with the Internet as its vehicle—that is motivating regular people to spend huge sums of money by clicking a computer mouse. Like the auto and steel industries of the early 20th century, online commerce is changing the way the economy works.

While the shift has been driven chiefly by the high-tech industry, regulators in cities, states and Washington, D.C., will play a big role in deciding whether it is fueled by competition, dominated by monopolists, or hamstrung with regulation. Policy makers are writing, or choosing not to write, rules that will determine who gets access to the pipelines that connect people to the Internet, and who fills those pipes with the stuff people want to watch, listen to, play with and buy.

Arguments for Access

Indeed, those are the issues already confronting regulators in AT&T Corp.'s proposed $40.9 billion acquisition of cable giant Tele-Communications Inc. Consumer groups, Internet-service providers, or ISPs, and at least one Baby Bell telephone company want the Federal Communications Commission and municipal cable regulators to require AT&T to make TCI's cable network—reaching about one-third of the nation's homes—available to any and all rivals who want to funnel Internet services through that network.

The reason: AT&T plans to spend billions of dollars to make TCI's network capable of delivering Internet service as much as 100 times speedier than what most consumers now see. This "broadband" technology provides, via cable modem, a fatter pipe through which AT&T can simultaneously supply video images, phone calls and World Wide Web pages that pop up as quickly as television channels. AT&T plans to offer this service exclusively through TCI's affiliate, At Home.

But here's the rub. Consumers who covet At Home's high-speed service but want to use, in addition, America Online Inc. or another ISP can do so only if they first agree to pay $40 a month or so for At Home. That, contend AOL and others demanding direct access to the broadband network, would give AT&T too much control over the future of this industry.

Quite the contrary, argues AT&T. The Basking Ridge, N.J., company says it is offering what Congress wanted when it deregulated telecommunications three years ago—direct competition to the Baby Bells, which have a lock on local phone service. Even if it was technologically practical—AT&T says it isn't—AT&T doesn't think it should have to open its network to rivals that aren't taking the risk of buying and upgrading it. Such a burden would discourage other companies from investing in broadband technology too, the company argues.

'The Larger Competition'

"Is it more important to give people the flexibility to define 'access' the way they want, or is it more important to get competition for the Baby Bells?" posits Neil Goldschmidt, the former Portland mayor, Oregon governor and U.S. transportation secretary who has lobbied on AT&T's behalf. "I think there's a huge good in getting the larger competition."

While the cable pipe offers a handsome platform, it isn't the be-all, end-all of broadband. U S West and other Baby Bells are rolling out their own speedy Internet services, and wireless and satellite technologies show promise. Also, companies that snipe at each other over policy might turn around and become business partners tomorrow. Some observers believe that AOL, in particular, is using regulatory pressure to help it cut a deal with AT&T.

In Portland, the Mount Hood Cable Regulatory Commission, an eight-member panel of unpaid appointees, recommended last month that AT&T be required to offer "nondiscriminatory access" to its cable platform. Elected city and Multnomah County officials adopted the rule—the first of its kind—as a condition of approving the transfer of TCI's cable licenses to AT&T. "We think this is a monopoly issue, we think this is a competitive issue, we think this is a compelling public-policy issue," says Sue Diciple, a Portland business consultant and Mount Hood commissioner.

AT&T has rejected the condition, contending that local regulators have no legal authority to impose it. The company this week told local officials that it would file a lawsuit in federal court to have the provision declared illegal. Meantime, Portland risks missing out on high-speed Internet service, says James Cicconi, AT&T's general counsel. "Consumers wind up losing," he says.

The Justice Department has already approved the merger, and the FCC isn't expected to impose an access condition on the deal itself. But the agency may consider separately whether all cable networks offering high-speed Internet service should be opened to rivals. That could take a year or more.

City regulators don't think they can afford to wait. In Los Angeles, Denver, Seattle, San Francisco and other cities, officials who oversee TCI's cable franchises are considering access rules. While AT&T has obtained approvals from more than 700 of the 1,000 communities that must approve the merger, the company is concerned enough that its top lawyer, Mr. Cicconi, has taken to visiting with city officials. But some cities are pressing on, following the trail blazed by Portland.

On Sept. 2 last year, three months after AT&T announced its plan to acquire TCI, the companies filed a routine application to transfer TCI cable franchises in Portland and Multnomah County to AT&T. The petition went to the Mount Hood Cable Regulatory Commission.

The commission's namesake is a mountain that lies east of Portland and is often shrouded in the low gray-and-blue sky of winter. The panel makes recommendations on cable regulation to elected city and county officials, who usually follow the advice when making decisions. The commissioners toil over tedious matters of franchise compliance for no pay and in virtual anonymity. Their last controversy involved an obscenity-law proponent who wanted to broadcast a public-access program called "Orgy TV." (He didn't get on.)

"We do this for the love of our city," says commissioner Ruth Miles, who co-manages an office building and runs her own graphic-arts business. "It's not something you talk about at a cocktail party."

The AT&T-TCI deal thrust the two women and six men into the middle of a fierce debate between AT&T and an unlikely coalition of opponents: the local Baby Bell, U S West Inc.; and a group of mostly small local ISPs, which themselves have been quietly abetted by AOL, the nation's largest such provider.

U S West lent a touch of irony. The Denver-based Bell had just finished battling the local ISPs over a similar issue before Oregon phone regulators. The company had resisted opening its phone lines to rivals who wanted to use them to supply enhanced Internet service. After U S West lost that fight, it aligned with the ISPs and AOL to demand that AT&T's cable network be opened.

They found a sympathetic ear in David Olson, the Mount Hood panel's paid staff director and, according to his e-mail address, "cableczar." Amid the clutter of paperwork and Diet Coke cans in his downtown office, Mr. Olson, 46 years old, has won a national reputation as an aggressive regulator.

He had his own Internet epiphany three years ago, when his father contracted lymphoma. Mr. Olson jumped on his PC and in minutes was downloading the latest research papers and clinical trials on cancer, which he packed off to his dad. "I said to myself, 'This is unbelievable,'" he recalls. He has used the At Home product, and says it's "terrific."

He says he had thought about opening up cable networks before AT&T agreed to buy TCI, but the deal crystallized his thinking. With a gigantic phone company planning to bundle voice, video and data services, he felt it was crucial that its precious pipeline be opened to others, with fair reimbursement to AT&T.

When U S West and AT&T "are going to dominate the two wires that go into everybody's home, from pauper to king, they need to have that wire be available to serve other interests but their own," he says. "That's been the core of telecommunications policy for years."

Across the country, AOL was making the same argument to Washington regulators. Eventually Mr. Olson was speaking with Steven Teplitz, a Washington lobbyist for AOL. Mr. Teplitz also made contact with Richard Horswell, the 27-year-old head of a Portland ISP and president of a trade group representing 40 Oregon ISPs.

Mr. Horswell says his group had been aware of the issue, but his discussions with Mr. Teplitz "really helped focus our strategy." AOL hired a local lobbyist to work for the group and had its lawyers prepare a supporting brief. AOL and the ISPs also talked with U S West "to get our ducks in a row," Mr. Horswell says. "When it comes down to an issue as big as this, you can't afford not to work together."

In a Sept. 30 letter to AT&T, Mr. Olson asked if the company planned to offer ISPs access to the high-speed service "on nondiscriminatory terms and conditions."

AT&T responded in subsequent letters that At Home is a cable service and thus isn't bound by rules that require telephone companies to make their lines available to ISPs at a fair price. Nor did AT&T think the city had authority to impose such requirements; in AT&T's view, that more properly falls to the FCC (although AT&T doesn't think the FCC legally can require it to open its cable network either).

Cable laws include a number of requirements for third-party access to a network, but none cite Internet service. "It clearly is a gray area," Mr. Olson says. But "I come from an environment that says, unless the federal [law] says you can't do something, you can."

Oregon has long had an independent streak. The state has led the nation in confronting such touchy issues as assisted suicide and marijuana for medicinal use. Its autonomy showed again at the Mount Hood panel's Nov. 16 meeting, in a crowded conference room at a local community college.

Mr. Horswell, whose Europa Communications posts ads in the restrooms of some of Portland's many pubs, pleaded the ISPs' case. The commissioners found it compelling, in part because some of the small ISPs had been diligent about getting service to rural areas where bigger providers wouldn't want to bother. It was important that they not be crushed by AT&T, Ms. Diciple, the commissioner, says.

AT&T thought these small ISPs were mistaken. Many probably wouldn't be able to use the At Home architecture, the company says, and even if they could, the network couldn't handle many ISPs without risking a slowdown. But George Vradenburg, AOL's senior vice president for global and strategic policy, says the ISPs might be able to show the cable people a few things about expanding capacity. "I have enormous optimism in engineers," Mr. Vradenburg says.

The panel voted 5-2, with one member absent, to recommend imposing the access condition. Even those favoring the condition were torn, though. As a vice president at hard-driving Nike Inc. in nearby Beaverton, Commissioner Robert Kreinberg says he could sympathize with AT&T. "I'm not a big regulatory fan," he says. "But I think there are some issues where regulation is needed to maintain a sense of competition and fair play. It's like if I owned all the airports in the world and I owned an airline and said only my airline could land there."

Yet it's clear that the Mount Hood panel didn't address some questions that easily could arise if their rule sticks. For example, how would regulators ensure that AT&T doesn't favor certain ISPs over others? And what if the network really can't handle a limitless number of ISPs?

"We all agree this is a debate that would have been better to have at the FCC," Ms. Miles says. "But in the vacuum of leadership from the federal level, we have made this decision hoping they'll take notice."

Nor did AT&T address those broader issues at the November meeting, preferring to focus on the legal aspects. After the vote, AT&T lawyer Richard Thayer told Mr. Olson, "I hope you have a big budget." He wasn't smiling, Mr. Olson says. A spokeswoman for AT&T says Mr. Thayer was referring to potential legal costs for his company as well and didn't mean to sound aggressive.

Efforts to reach a compromise failed, and on Dec. 14, the Mount Hood panel decided to reaffirm its earlier vote, and this time, they unanimously supported the access condition. Three days later, Portland city and Multnomah County commissioners adopted the recommendation with only one dissenting vote.

AT&T has since refused to sign off on the city and county license transfers because they contain the access condition. That, in effect, means the company's petition for the license transfers is denied. No immediate change in cable-TV service is expected because AT&T and TCI aren't expected to close their deal for several weeks, at least.

Earlier this week, AT&T and TCI officials paid courtesy calls on city and county officials to warn them that a lawsuit could be imminent. But AT&T held its legal fire while Oregon Sen. Ron Wyden, a Democrat, intervened in the hopes of brokering a compromise, sources close to the matter said.

Mr. Olson, the Mount Hood staffer, is scheduled to fly to Los Angeles today to brief cable officials there about the commission's actions. The Californians are paying his airfare.

Qwest®

"When you think about the possibilities to see, hear and use information in amazing new ways, the future is really here right now. We don't spend a lot of time trying to see into the 21st century. Our customers know the possibilities. And what they don't know, they can imagine. They're turning to us to help make it happen. And we're responding. No matter what is the customer need for data, voice or video communications, we want to make it as easy as a phone call."

Joseph P. Nacchio

President and Chief Executive Officer

Qwest Communications International Inc.

Who is Qwest?

Qwest Communications is a multimedia communications company. We are building and providing a high-capacity Internet Protocol (IP)-based fiber optic network that transmits images, data, and voice communications as easily as traditional telephone networks enable voice communications.

Our strategies are clear and aggressive:

- Build the world's most technologically advanced fiber-optic network.
- Deliver the industry's most sophisticated Internet Protocol-based services, including electronic commerce, complex web hosting and managed software services.
- Be a market leader in creating customer value through converging technologies.
- Continue leveraging our low-cost position.
- Add to our world-class management team.

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Qwest.

Financial Highlights

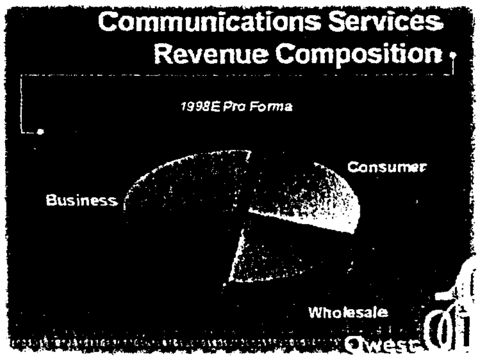
Qwest continues to show strong financial growth. Pro forma revenues for 1998 are expected to be approximately $3 billion resulting in EBITDA in the range of $400 million. Based on the company's current business definition, analysts expect Qwest to reach profitability in 1999 despite continued investment for growth.

3rd Quarter 1998

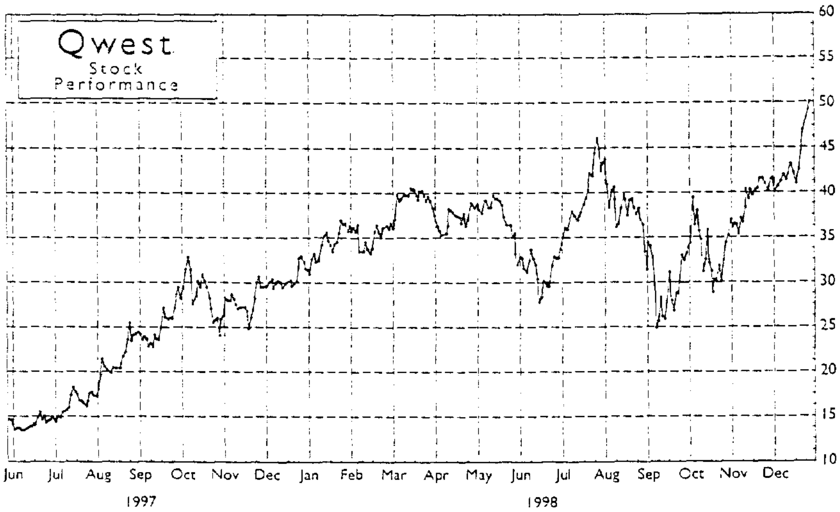
	9 Mos. Ended Sept. 30, 1998*	9 Mos. Ended Sept. 30, 1997*	As Reported Fiscal Year 1997	1996	1995
Total Revenue	2,199	1,825	696.7	230.9	125.1
EBITDA	265	215	41.7	6.9	26.0
Net Earnings (loss)	(65)	(41)	14.5	(6.9)	(25.1)
Earnings (loss) per share — basic	(0.19)	(0.13)	0.08	(0.04)	(0.15)
Total Assets	7,062	n/a	1,398.1	262.5	184.2
Long-term Debt	1,387	n/a	630.5	109.3	68.8
Total Stockholders' Equity	3,959	n/a	381.7	9.4	26.5

All numbers in millions except per share data.

*Pro forma, including Qwest, LCI, Phoenix and Icon, and excluding one-time merger-related items.



Qwest is targeting revenue growth in both the wholesale and retail markets. Currently approximately 50 percent of the company's recurring communications service revenues are attributed to business customers. More than 25 percent of the revenue is attributable to consumer business and less than 25 percent from the wholesale business.



Stock Data

- Stock Symbol .... QWST (Nasdaq)
- Stock Price (as of 12/31/98) $50
- Shares Outstanding (as of 11/30/98) ...... 337 mil
- Public Float .... 166.8 mil
- Market Capitalization (as of 12/31/98) ..... $16.85 bil
- CUSIP 749121109
- SIC 4813
- Indices .... Nasdaq 100, Russell 1000

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Qwest

www.qwest.net

Company Data:

Corporate Headquarters:
Qwest Communications International Inc.
Qwest Tower
555 Seventeenth St.
Denver, CO 80202

Network Operation Centers:
Denver, CO
Dublin, OH
Ballston, VA

Sales offices: 80 worldwide
Employees: 8,000 worldwide

Contact Information:

Investor Relations:
Qwest Communications International Inc
Qwest Tower
555 Seventeenth St.
Denver, CO 80202
877-877-QWST (7978)

Stock Transfer Agent:
Chase Mellon Shareholder Services
Shareholder Relations
P.O. Box 3315
South Hackensack, NJ 07606
800-356-2017

These materials may contain forward-looking statements that involve risks and uncertainties. These statements may differ materially from actual future events or results. Readers are referred to the documents filed by Qwest with the SEC, specifically the most recent [illegible] which identify important risk factors that could cause actual results to differ from those contained in the forward-looking statements, including potential fluctuations in quarterly results, dependence on new product development, rapid technological and market change, financial risk management, future growth subject to risks, operating and financial risks related to managing rapid growth, integrating acquired businesses and sustaining operating cash flow to meet Qwest's debt service requirements, make capital expenditures and fund operations, Qwest's ability to achieve Year 2000 compliance and the execution of definitive documentation. These cautionary statements should be considered in connection with any subsequent written or oral forward-looking statements issued by Qwest or persons acting on its behalf. Qwest undertakes no obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Four recent acquisitions are the bedrock of our strategy:

- **Icon CMT,** *a leading Internet solutions provider, moved us into Web hosting and Web enabling.*
- **EUnet** *International took us into the exploding European data market.*
- **SuperNet,** *an Internet service provider, gave us additional technical and marketing talent.*
- **LCI International, a large long distance provider,** *gave us immediate reach and scale in voice and data communications. The acquisition also significantly expanded our sales force for businesses and consumers, and provided robust operating platforms.*

A GROWING LIST OF PARTNERS

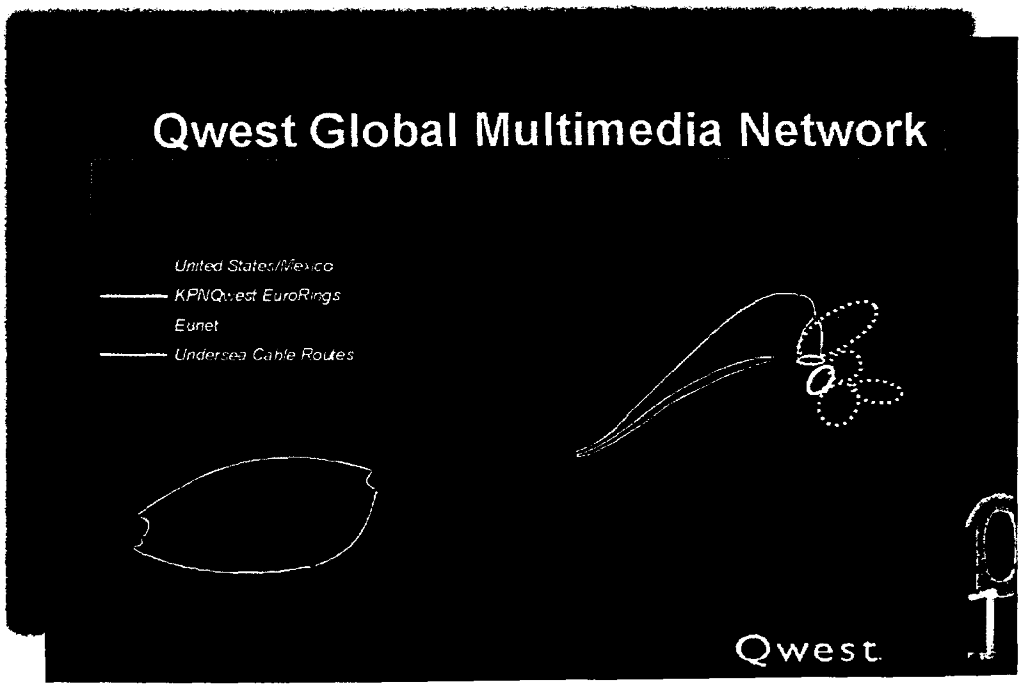
No company can be all things to all customers in an industry changing as fast as ours. You need partners. And we aligned with some of the very best business partners.

Qwest and **Microsoft** Corp. have an alliance to deliver the next generation of Internet broadband services for business software applications. The alliance will redefine possibilities in electronic commerce, complex web hosting and managed software services that have quickly moved to the heart of business strategy. The alliance will allow customers to create new services, get more from their network resources, reduce costs, generate new revenue and improve information management.

In the consumer market, Qwest and **Netscape** have an alliance for consumers to manage all their telephone and Internet communications through Netcenter. It's one of the most comprehensive alliances between an Internet portal site and a communications company.

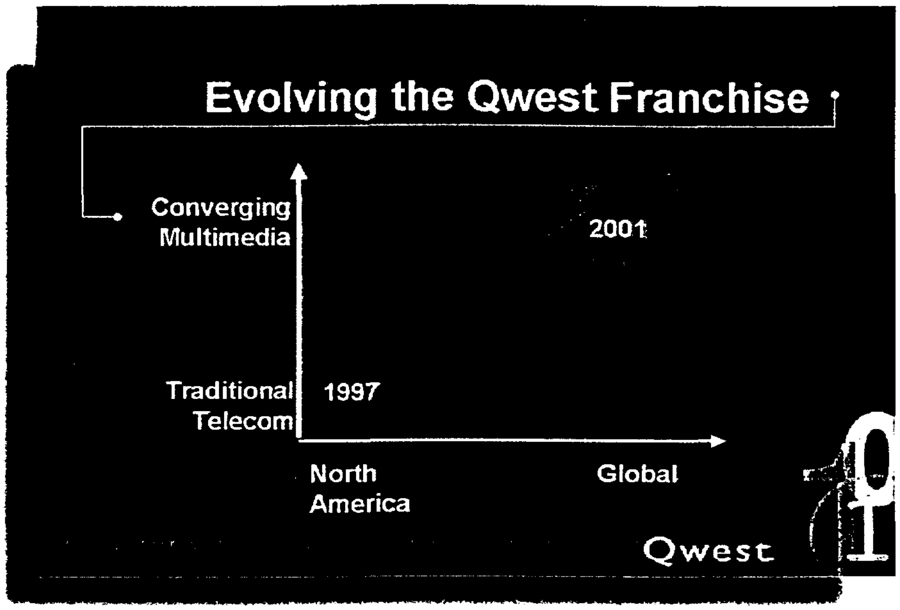
Our network is built on the contributions of the world's technology leaders, such as **Cisco Systems, Ascend Communications, Lucent Technologies** and **Nortel**. Together we are building the next generation of technology to enable applications in the imaginations of business people today.

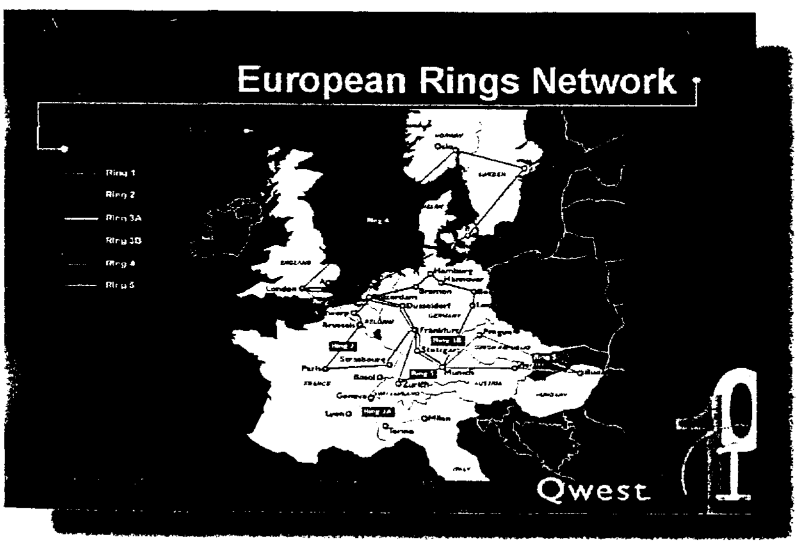
Through a joint venture with **KPN**, the Dutch telecommunications company, **KPNQwest** is building a 9,100-mile, 28-city pan-European Network.



QWEST IN 1999

- ❑ Most robust U. S. network with global reach
- ❑ Time to market advantage
- ❑ Strong balance sheet





QWEST COMPETITIVE ADVANTAGES

- ❑ Cutting-edge technology
- ❑ Abundant broadband capacity
- ❑ Low-cost position
- ❑ Strong management team
- ❑ No legacies
- ❑ Key strategic alliances
- ❑ Solid financial position

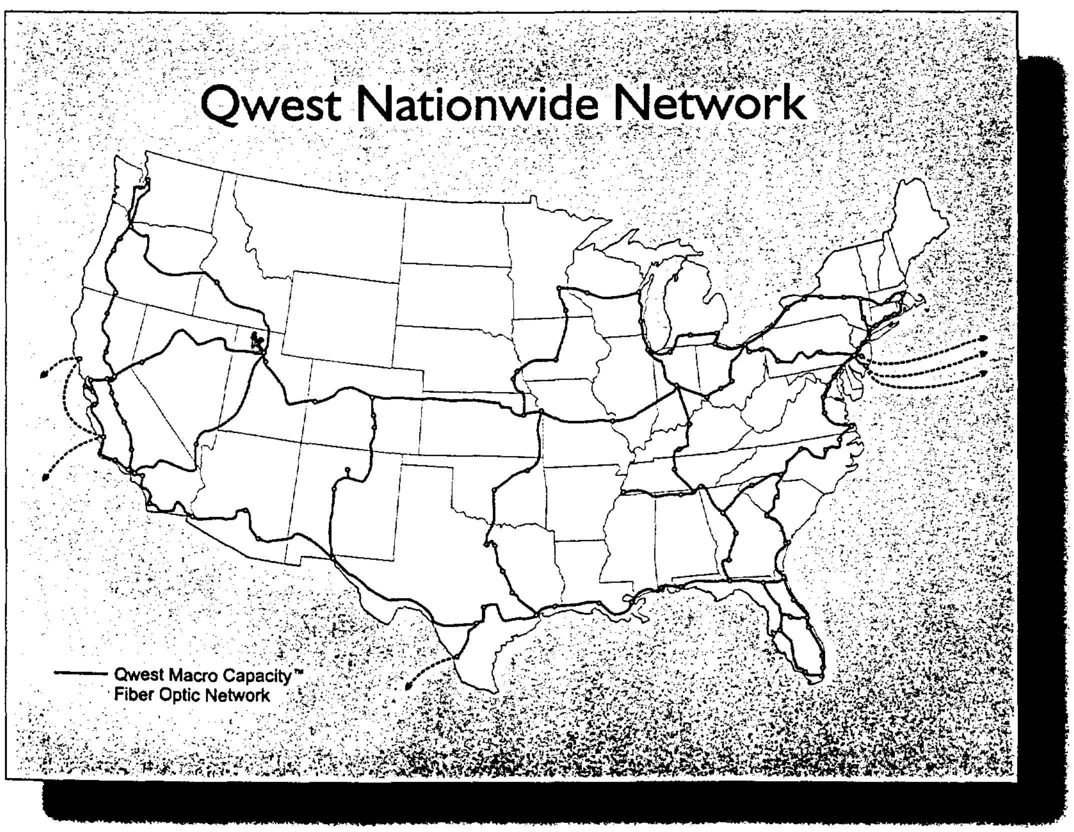
WHAT DO WE OFFER?

The foundation of our advanced services platform is the Qwest Macro Capacity℠ Fiber Network--- a 10 gigabit, OC-192 (optical carrier), "self-healing," SONET ring network in the U. S. Qwest also has a 2.4-gigabit (OC-48) Internet Protocol network. The Qwest network sets new standards for both speed and reliability. Designed to transmit capacity at up to two terabits per second, the Qwest network can carry more information faster than any other communications network. We have installed extra conduit for our network to assure we can handle the explosive demand for Internet-based services.

The 18,500-mile Qwest network, which is scheduled to be completed in mid-1999, will serve more than 130 cities. Undersea cable routes connect our network to Europe, and we are part of a consortium building an undersea network to the Pacific Rim. Additional global expansion of the Qwest network and more alliances with business partners are expected.

The capabilities of the Qwest network are powerful, flexible and exciting. But that is only part of the story. The true excitement begins when you consider the business value created by the services our network makes possible for businesses, consumers and governments. Note the list is subject to expansion -- quickly.

We offer dedicated Internet access; web hosting; IP virtual private networks; Internet colocation; remote access; voice over IP; frame relay; private-line; network management; consulting services; high volume and high capacity services; dedicated and switched services; and a wide variety of long distance calling plans for businesses and homes.



Senior Executives:

Joseph P. Nacchio - President and Chief Executive Officer

Lawrence J. Bouman - Executive Vice President, Customer Quality Management

Gregory M. Casey - Senior Vice President, Wholesale Markets

Stephen M. Jacobsen - Executive Vice President, Business Markets

Brij M. Khandelwal - Executive Vice President and Chief Information Officer

Thomas J. Matthews - Executive Vice President, Human Resources

Jack McMaster - Executive Vice President, International

Larry A. Seese - Executive Vice President, Network Engineering and Operations

Michael P. Tarpey - Senior Vice President, Communications

John C. Taylor - Senior Vice President, Consumer Markets

Drake Tempest - Executive Vice President and General Counsel

A. Dean Wandry - Senior Vice President, Government Markets and Fiber Sales

Marc B. Weisberg - Senior Vice President, Corporate Development

Lewis O. Wilks - President, Internet and Multimedia Markets

Lee W. Wolfe - Vice President, Investor Relations

Robert S. Woodruff - Executive Vice President, Finance and Chief Financial Officer